

Message Text

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ACTION INR-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SAJ-01 SS-15 EB-07

COME-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 STR-04

OMB-01 CEA-01 AGR-05 XMB-02 CIAE-00 /087 W

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R 261656Z FEB 76

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6192

INFO AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USMISSION GENEVA

AMEMBASSY THE HAUGE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY SOFIA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WARSAW

USMISSION NATO BRUSSELS

C O N F I D E N T I A L BRUSSELS 01977

E.O. 11652: GDS

TAGS: EEW, EFIN, EINV, ETRD, XG, XT

SUBJECT: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST

REF: STATE 38308

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1. EMBASSY HAS DISCUSSED SUBJECT WITH SEVERAL BELGIAN

OFFICIALS. THE MOST INFORMED AND RELIABLE OF THEM ON THIS SUBJECT APPEARS TO BE J. LAURENT, DIRECTOR OF OFFICIAL EXPORT INSURANCE AGENCY OFFICE NATIONAL DU DUCROIRE (OND).

2. LAURENT REPORTS NO RPT NO REQUESTS FOR RESCHEDULING OR OBSERVABLE CREDIT-RELATED IMPORT SLOWDOWNS TO DATE ON THE PART OF ANY OF EASTERN EUROPEAN COUNTRIES LISTED REFTEL. THEY ACCOUNT FOR ONLY A SMALL PART OF BELGIAN EXPORTS (3 PERCENT DURING THE FIRST 10 MONTHS OF 1975). DESPITE THEIR GROWING HARD CURRENCY SHORTAGES, BELGIAN TRADING EXPERIENCE WITH THEM HAS CONTINUED TO BE GENERALLY ROUTINE. THE ONE POSSIBLE EXCEPTION, ACCORDING TO ALURENT, IS POLAND. THE POLES HAVE BEEN TAKING AN INCREASINGLY TOUGH STANCE ON COMMERCIAL TERMS, EVEN ON SMALL ORDERS OF CONSUMER GOODS. THIS IS A FAIRLY CLEAR INDICATION THAT POLAND IS SERIOUSLY SQUEEZED. LAURENT SAID THAT POLAND HAS REPORTEDLY JUST ABOUT EXHAUSTED ITS POSSIBILITIES OF REFINANCING ON EUROCURRENCY MARKETS. PERHAPS FOR THIS REASON, CONTRACTS INVOLVING SEVERAL BILLION BF WORTH OF BELGIAN EXPORTS, MOSTLY IN CAPITAL EQUIPMENT, ARE CURRENTLY UNDERGOING UNPRECEDENTEDLY DIFFICULT NEGOTIATIONS.

3. NEVERTHELESS, LAURENT DOES NOT RPT NOT BELIEVE SITUATION WILL BECOME CRITICAL. HE EXPRESSED CONFIDENCE THAT POLAND, WITH RELATIVELY WELL-RUN, STATIST ECONOMY, WILL BE ABLE TO REGULARIZE ITS SITUATION WITHOUT RECOURSE TO RESCHEDULING. OND CLASSIFIES POLAND, ALONG WITH OTHER EASTERN EUROPEAN COUNTRIES, AT A TWO OR THREE LEVEL OF CREDITWORTHINESS SCALE OF FIVE (FIVE BEING MOST CREDITWORTHY, FOUR BEING FOR STILL EXCELLENT RISKS SUCH AS THE U.K.). LAURENT SAID OND HAS NO CURRENT PLANS TO CHANGE THE RATING OF ANY EASTERN EUROPEAN COUNTRY.

4. BELGIUM HAS NO RPT NO STATE-TO-STATE CREDIT LINES TO ANY EASTERN EUROPEAN COUNTRY. ONLY FACILITIES FURNISHED BELGIAN EXPORTERS TO THIS AREA ARE USUAL OND INSURANCE COVERAGE, AND "CREDITEXPORT" REFINANCING, PLUS POSSIBLE SMALL AMOUNT OF INTEREST RATE SUBSIDIES FROM GOVERNMENT'S THIRD EXPORT FINANCING AGENCY WITHIN MFA, COMPROMEX.RENNER

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